GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2314
ANSWERED ON:15.03.2007
NON VIABLE PETROL PUMPS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a): whether the Government is aware of this fact that more than sixty per cent petrol pumps of four oil PSUs in the country are below economic viability level;

(b): if so, whether the private oil companies are taking advantage of such below economic viability of oil PSUs;

(c): if so, whether the report of IIM, Ahmedabad has recommended the higher amount of commission for the petrol pumps dealers including petrol pumps situated in rural and remote areas having low volume of sales;

(d): if so, the details thereof; and

(e): the decision taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a)&(b): Petrol pumps (retail outlets) are set up after duly assessing the sales potential of the location and as per the economic viability norms of the public sector oil marketing companies(OMCs). Financial performance of the outlets operated by OMCs has been satisfactory and commensurate with the prevailing market conditions, which have been affected to some extent due to rapid growth of retail outlets after the dismantling of Administered Pricing Mechanism. To ensure that the retail outlets perform upto the potential, OMCs are constantly counseling the dealership network and investing in upgrading facilities as required.

(c) to (e): The study conducted by IIM, Ahmedabad has recommended cluster based recovery of Service Station Licence Fee. However, the dealer commission for all the retail outlets in the country has been revised by OMCs with effect from 1.3.2007 and the new rates of commission are as under:-

Petrol : from Rs. 848 per KL to Rs.894 per KL

Diesel: from Rs.509 per KL to Rs. 529 per KL